

ASSEMBLY BILL

No. 2779

Introduced by Committee on Insurance (Solorio (Chair), Bradford, Carter, Feuer, Hayashi, Nava, and Torres)

March 3, 2010

An act to amend Sections 11623 and 11629.79 of the Insurance Code, relating to automobile insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2779, as introduced, Committee on Insurance. California Automobile Assigned Risk Plan.

Existing law provides for an assigned risk plan for automobile insurance. Existing law requires the Insurance Commissioner to administer and operate the plan as authorized by law and creates an advisory committee with which the commissioner is required to consult on a regular basis with respect to policy matters affecting the operation of the plan.

This bill would require the advisory committee to annually recommend to the commissioner numeric goals for the California Assigned Risk Plan to increase the number of uninsured drivers who will become insured pursuant to specified programs. The bill would also delete related obsolete provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11623 of the Insurance Code is amended
2 to read:

1 11623. (a) To assist the commissioner in carrying out the
2 purposes of this article, an advisory committee composed of 15
3 members is created. The commissioner shall administer and operate
4 the plan as authorized by law. The commissioner shall consult
5 with the advisory committee on a regular basis on policy matters
6 affecting the operation of the plan.

7 Eight members representing subscribing insurers shall be elected
8 annually by subscribing insurers. The commissioner shall appoint
9 the noninsurer members. Four members shall represent the public.
10 Two members shall represent producers. The remaining member
11 is the commissioner or his or her designee.

12 All insurer representatives shall be salaried employees. At least
13 two insurer representatives shall be employed by insurers having
14 their principal headquarters located in California. At least two
15 insurer representatives shall represent companies who have average
16 annual automobile liability premiums in California below one
17 hundred million dollars (\$100,000,000) in the prior three years.
18 At least one insurer representative shall represent an insurer with
19 average annual automobile liability premiums in California
20 exceeding one hundred million dollars (\$100,000,000) in the prior
21 three years. At least one insurer representative shall represent an
22 insurer with average annual automobile liability premiums in
23 California exceeding seven hundred million dollars (\$700,000,000)
24 in the prior three years.

25 Public members shall be paid two hundred fifty dollars (\$250)
26 per meeting and shall be reimbursed all reasonable expenses
27 incurred.

28 The commissioner shall remove members for nonattendance.
29 Unless satisfactory excuse is made in writing to the commissioner
30 in a timely manner, nonattendance shall mean the failure to appear
31 at more than two regularly scheduled meetings in a 12-month
32 period. Should the member who is removed represent a company
33 or agency, another representative from the company or agency
34 may not be appointed for a period of not less than two years.

35 The advisory committee with the approval of the commissioner
36 shall appoint a manager to carry out the purposes of this article,
37 employ sufficient personnel to provide services necessary to the
38 operation of the plan, and contract for the provision of statistical
39 and actuarial services.

1 The cost of the plan, including any personnel and contracting
2 costs, shall be fairly apportioned among the subscribing insurers
3 to whom assignments may be made. The costs associated shall be
4 directly attributable to the management of the plan and directly
5 related to its programs. In consultation with the advisory
6 committee, the commissioner shall develop, issue, and adopt
7 regulations to carry out the purposes of this article.

8 (b) Notwithstanding this act, which changes the status of the
9 governing committee to that of an advisory committee, the
10 committee shall have the right to retain counsel of its choice
11 pursuant to a selection process adopted by the committee and the
12 right and necessary standing to bring and defend actions in judicial
13 and administrative proceedings related to the plan in the name of
14 the plan, with all powers attendant thereto including the right to
15 retain consultants, counsel, and expert witnesses of its choice.

16 (c) *The advisory committee shall annually recommend to the*
17 *commissioner numeric goals for the California Assigned Risk Plan*
18 *to increase the number of uninsured drivers who will become*
19 *insured for the following year pursuant to the assigned risk plan*
20 *codified in this article and the low-cost automobile insurance*
21 *program codified in Article 5.5 (commencing with Section*
22 *11629.7).*

23 SEC. 2. Section 11629.79 of the Insurance Code is amended
24 to read:

25 11629.79. (a) The program for the County of Los Angeles and
26 the City and County of San Francisco is authorized to commence
27 operations on January 1, 2000, but shall be fully operational no
28 later than July 1, 2000.

29 (b) To this end, the commissioner, in consultation with the
30 California Automobile Assigned Risk Plan, shall adopt regulations
31 to implement the provisions of this article within 60 days of its
32 effective date. ~~The regulations shall be adopted as emergency~~
33 ~~regulations in accordance with Chapter 3.5 (commencing with~~
34 ~~Section 11340) of the Government Code, and for purposes of that~~
35 ~~chapter, the adoption of the regulations shall be considered by the~~
36 ~~Office of Administrative Law to be necessary for the immediate~~
37 ~~preservation of the public peace, health and safety, and general~~
38 ~~welfare.~~

39 (c) The program for the Counties of Alameda, Fresno, Orange,
40 Riverside, San Bernardino, and San Diego shall commence

1 operations on April 1, 2006, and shall be made operational in all
2 other counties of California according to the discretion of the
3 commissioner. The commissioner, in consultation with the
4 California Automobile Assigned Risk Plan, shall adopt regulations
5 to implement the expansion of the program to these counties. The
6 ~~regulations shall be adopted as emergency regulations in~~
7 ~~accordance with Chapter 3.5 (commencing with Section 11340)~~
8 ~~of the Government Code, and for purposes of that chapter, the~~
9 ~~adoption of the regulations shall be considered by the Office of~~
10 ~~Administrative Law to be necessary for the immediate preservation~~
11 ~~of the public peace, health and safety, and general welfare.~~